

REMARKS

Upon entry of the instant amendment, claims 67 and 88-92 and 94-96 are pending. Claims 67, 88-92 and 94-96 have been amended to more particularly point out the Applicant's invention. Claims 1-66, 93 and 97-100 are canceled. Claims 101-112 are withdrawn. Based upon the amendment and the remarks below, the Examiner is respectfully requested to provide favorable consideration of claims 67 and 88-92 and 94-96.

CLAIM OBJECTIONS

Claim 67 has been amended as suggested by the Examiner. Thus, this objection should be overcome.

CLAIM REJECTIONS- 35 USC § 112

Claims 67, 88-92 and 94-96 have been rejected under 35 USC § 112, first paragraph for allegedly failing to comply with the written description requirement. The Applicant does not quite understand the rejection but will make an earnest attempt to respond. The Applicant agrees that the terms : loan accounts; age; seasonal effects and decomposing are all mentioned in the specification. It is respectfully submitted that these terms are all well known terms in the art. In fact, it is submitted that the terms: loan accounts; age; seasonal effects are well known in general. The term decomposition is known by those of ordinary skill in the art. Decomposition is discussed in various places in the specification. For example, decomposition is discussed on Pages 13-15 and illustrated in Equations 1-4. With respect to the scaling factors, , The Examiner's attention is respectfully directed to Page 14, line 20-Page 15, line 5, for example. For the above reasons, the Examiner is respectfully requested to reconsider and withdraw the above rejection.

Claim 67 has been rejected under 35 USC § 112, second paragraph regarding the language relating to the component not related to the age component. Claim 67 has been amended to overcome this rejection. In particular, Claim 67 recites that the vintage loan performance data is decomposed into an age component and a calendar time component. The age relates to the age of the loan, i.e. time on the books. The calendar time is self explanatory. Accordingly, the Examiner is respectfully requested to reconsider and withdraw this rejection.

CLAIM REJECTIONS-35 USC § 101

Claims 67, 88-92 and 94-96 have been rejected under 35 USC § 101. These claims all recite a data processing method and include elements tied to a machine such as storing data on a memory device and processing the data by way of a processor. Based on the above, the Examiner is kindly requested to reconsider and withdraw this rejection.

CLAIM REJECTIONS-35 USC § 103

Claims 67 and 88 have been rejected under 35 USC §103 (a) as being unpatentable over Kealhofer US Patent No. 6,078,903 ("the Kealhofer patent") in view of Freeman US Patent No. 6,249,775 ("the Freeman patent"). It is respectfully submitted that neither the Kealhofer patent nor the Freeman patent disclose or suggest decomposing loan performance data into an age related component and a calendar time based component as the method recited in the claims at issue. In particular, the Kealhofer patent teaches away from such a method and relies on borrower data in its method. (*"A second class of data is **borrower data**. These are data that identify and characterize the **borrower** rather than the specific loan. They are the **borrower's** probabilities of default (Expected Default Frequencies or EDFs); also, the **borrower's** country, industries, business risk and systemic risk proportion. The latter information is used to determine entity correlations between **borrowers**, as discussed below. Kealhofer patent, Col. 3, lines 52-56.)*

The Freeman patent teaches forecasting loan performance based upon loan delinquency rates for four different vintage years of loans. Fig. 1A of the Freeman patent illustrates loan default rates for four different loan vintages, namely, 1993, 1994, 1995 and 1996. As the examiner will kindly note in Fig. 1A of the Freeman patent, the delinquency rates are based upon age of the vintage loans for all four vintages as a function of the age of the vintage in months and has nothing to do with calendar year Figs. 2-4 of the Freeman patent relate to comparison of vintage loan data of different vintages by age of the loan. Again, such a comparison is based solely on the age or vintage of the loan. Similarly, Col 8, lines 9-44 also relates to the age or vintage of the loan data for different vintages. In other words, predictions about future loan performance are bare based upon performance of vintage loans. In other words, Fig. 1A of the Freeman patent illustrates that the delinquency rates for loans increases the longer the loan has been on the books. As shown in Fig. 1A, this trend is shown for loans that were

originated in four different years; 1993-1996 based solely on the age of the loan. Indeed, the abscissa axis of Fig. 1A is labeled as "AGE OF THE VINTAGE IN MONTHS". As such, it should be clear, it does not take into account any factors other than the age of the vintage loan. Based on the above, the Examiner is respectfully requested to reconsider and withdraw this rejection.

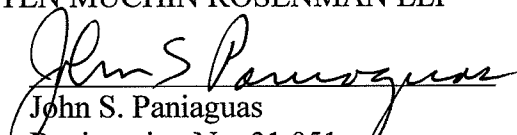
CLAIM REJECTIONS-35 USC § 103

Claims 89-92 and 94-96 have been rejected under 35 USC § 103 (a) as being unpatentable over the Keelhofer patent in view of Official Notice. These claims are dependent upon claims 67 and 88. As mentioned above, The data processing method disclosed in the Keelhofer patent requires analysis of individual borrower data and is thus more cumbersome and complex than the system recited in the present invention which relies solely on data, such as vintage loan data or exogenous information, both of which are easily obtainable. For these reasons and the above reasons, the Examiner is respectfully requested to reconsider and withdraw this rejection.

Respectfully submitted,

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